GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2257
ANSWERED ON:07.12.2006
ROYALTY PAID BY ONGC
Gaikwad Shri Eknath Mahadeo;Mane Smt. Nivedita

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

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(a) whether the royalty given by the Oil and Natural Gas Corporation to the Government is based on the actual international price of crude oil ;

(b) if so, the amount of royalty paid by the ONGC in the last year and this year ;

(c) whether the ONGC had to sell its crude oil at a lower price to meet the stringent royalty condition ;

(d) if so, whether the Government proposes to review its stand; and

(e) if so, the details thereof and if not, the reasons therefor ?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a) ONGC has informed that royalty paid by them to the Government on crude sale price is linked to international price. However, subsidy discount is adjusted for payment of royalty in respect of offshore crude.

(b) The amount of Royalty paid on crude oil by ONGC during the last two years is as under:

(Rs. in Crore)

	2005-06	2004-05
Central Govt.	1774.92	1795.77
State Govts.	2182.14	1499.18
Total	3957.06	3294.95

(c) No, Sir. ONGC is not selling its crude oil at a lower price to meet the stringent royalty conditions. However, as the entire hike in the international oil prices is not passed on to the consumers, the upstream companies, including ONGC, subsidize the downstream companies by giving a subsidy by way of discount on crude oil.

(d) to (e) Do not apply.